

FIRST REGULAR SESSION

SENATE BILL NO. 521

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KRAUS.

Read 1st time March 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2288S.01I

AN ACT

To repeal sections 143.401 and 143.601, RSMo, and to enact in lieu thereof two new sections relating to the taxation of partnerships.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 143.401 and 143.601, RSMo, are repealed and two new
2 sections enacted in lieu thereof, to be known as sections 143.401 and 143.601, to
3 read as follows:

143.401. 1. A partnership shall not be subject to tax under sections
2 143.011 to 143.996. Persons carrying on business as partners shall be liable for
3 the tax under sections 143.011 to 143.996 only in their separate capacities. The
4 provisions of the Internal Revenue Code relating to partners and partnerships
5 shall apply in determining Missouri taxable income of each partner except,
6 however, for the modifications provided in sections 143.411 and 143.421.

7 **2. Notwithstanding the provisions of subsection 1 of this section**
8 **to the contrary, for any tax year beginning on or after January 1, 2018,**
9 **a partnership determined to have an imputed underpayment under**
10 **section 143.601 shall be subject to tax under sections 143.011 to 143.996,**
11 **and shall file a return on a form prescribed by the director of revenue**
12 **for the reviewed year that shows the adjustments to income or the gain,**
13 **loss, or deduction on which the federal imputed underpayment was**
14 **based, as well as any of the correlative adjustments to the**
15 **modifications required under sections 143.411 to 143.421.**

143.601. 1. If the amount of a taxpayer's federal taxable income reported
2 on his **or her** federal income tax return for any taxable year is changed or
3 corrected by the United States Internal Revenue Service or other competent
4 authority, or as the result of a renegotiation of a contract or subcontract with the

5 United States, the taxpayer shall report such change or correction in federal
6 taxable income within ninety days after the final determination of such change,
7 correction, or renegotiation, or as otherwise required by the director of
8 revenue. Each such report shall state whether and wherein the determination
9 is believed to be erroneous. Any taxpayer filing an amended federal income tax
10 return shall also file within ninety days thereafter an amended return under
11 sections 143.011 to 143.996, and shall give such information as the director of
12 revenue may require. If a taxpayer does not file a federal income tax return
13 under sections 143.011 to 143.996, then

14 (1) For purposes of the first sentence of this section, he **or she** shall be
15 deemed to have filed a return indicating no taxable income, and

16 (2) For purposes of the third sentence of this section, his **or her** initial
17 federal income tax return shall be deemed to be an amended return.

18 The director of revenue may by regulation prescribe such exceptions to the
19 requirements of this section as he **or she** deems appropriate.

20 **2. A partnership that is audited by the Internal Revenue Service**
21 **and is assessed an imputed underpayment under section 6225 of the**
22 **Internal Revenue Code of 1986, as amended, or a partnership that**
23 **makes the election under section 6226 of the Internal Revenue Code of**
24 **1986, as amended, shall file a return within ninety days after the final**
25 **determination regarding the adjustment by the Internal Revenue**
26 **Service.**

27 **3. The partnership shall pay the tax on the adjustments in lieu**
28 **of passing the adjustments through to the partners.**

29 **4. The tax shall be imposed on the Missouri share of the**
30 **adjustments at the highest tax rate imposed on individuals under**
31 **section 143.011.**

32 **5. Interest shall be computed under section 143.731 for the**
33 **period beginning on the day after the partnership return due date for**
34 **the reviewed year, without regard to any extensions.**

35 **6. For the purposes of imposing additions to tax under sections**
36 **143.741, the due date of the return required by section 143.402 is the**
37 **ninetieth day after the final determination of the partnership**
38 **adjustments by the Internal Revenue Service.**

✓